

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In re:

STEPHEN ROBERT BROWN,

Debtor.

NO. 22-40997-BDL

OBJECTION TO EXEMPTIONS

Creditor Lisah Moegling (“Moegling”), hereby objects to the exemptions claimed by Chapter 11 debtor Stephen Robert Brown (“Debtor”). This objection is made pursuant to 11 U.S.C. § 522(l), 11 U.S.C. § 522(p), 11 U.S.C. § 522(q), 11 U.S.C. § 548(a) and (e), 11 U.S.C. § 522(g), and BR 4003(b).

I. FACTS AND PROCEDURAL HISTORY

On July 22, 2022, after a lengthy trial, a jury in Pierce County Superior Court found that Brown had committed fraud against Moegling and awarded her damages in the amount of \$2,580,000. On August 1, 2022, Moegling filed a motion for a judgment based on the Jury Special Verdict Form. On August 10, 2022, Brown filed a Response to the Motion for Judgment on Special Jury Verdict and stated that he did not oppose Moegling’s Motion for Judgment. On August 11, 2022, Brown filed for Chapter 11 bankruptcy.

On his bankruptcy Schedule A/B, Brown disclosed that he owned real property located at 245 Shorewood Court, Fox Island, WA 98333 (the “Real Property”). On his bankruptcy



1 Schedule C, Brown claimed an exemption on the Real Property in the amount of \$508,300.
2 Brown checked a box on Schedule C to indicate that he was not claiming a homestead exemption
3 greater than \$189,050. Brown did not answer the question as to whether or not he acquired the
4 Real Property within 1215 days prior to the filing of the bankruptcy petition.

5 On February 23, 2017, Brown quit claimed the Real Property to Stephen R. Brown,
6 Trustee of the Steve Brown Family Trust dated February 23, 2017. That Quit Claim Deed was
7 recorded with Pierce County on May 23, 2018.

8 On August 10, 2022, Stephen R. Brown, Trustee of the Steve Brown Family Trust dated
9 February 23, 2017 quit claimed the Real Property to Stephen R. Brown. That Quit Claim Deed
10 was recorded with Pierce County on August 11, 2022.

11 On August 10, 2022, Brown executed a Deed of Trust in favor of Robert G. Brown,
12 Trustee of Brown Family Decendents Trust dated February 23, 2017 as beneficiary. This Deed
13 of Trust was to secure a purported loan for either \$500,000 or \$700,000 made by the Brown
14 Family Descendents Trust. Around this same time, the sum of \$700,000 was paid to Brown's
15 bankruptcy attorneys. Post-petition, \$200,000 was repaid to the Brown Family Descendents
16 Trust.
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18 II. JURISDICTION

19 Brown filed a voluntary Chapter 11 petition on August 11, 2022, which constituted an
20 order for relief. 11 U.S.C. § 301(b). This Court has jurisdiction to her and determine this
21 objection pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. §
22 157(b)(2)(A), (B), and (O), which this Court has authority to hear and determine by final order.
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III. OBJECTIONS

1. To the extent that the Debtor is attempting to claim an exemption in excess of the value permitted by federal or state law, Moegling objects to the assertion of such an exemption.
2. To the extent that the Debtor is attempting to claim an exemption for property for which no exemption is permitted under federal or state law, Moegling objects to the assertion of such an exemption, including but not limited to the Debtor's claim of exemption in the real property located at 245 Shorewood Court, Fox Island, WA 98333 pursuant to RCW 6.13.010, 6.13.020, and 6.13.030.
3. To the extent that the Debtor is attempting to claim an exemption which is in excess of the value allowed by federal or state law, Moegling objects to the assertion of such an exemption.
4. Moegling is objecting to the exemption of \$508,300 in the Real Property under 11 U.S.C. § 522(p)(1). The Debtor is limited to \$189,050 if the Debtor acquired the Real Property within 1215 days of filing the bankruptcy petition. To the extent that the Debtor seeks to claim more than is allowed under 11 U.S.C. § 522(p)(1), Moegling objects.
5. Moegling is objecting to the exemption of \$508,300 in the Real Property under 11 U.S.C. § 522(q)(1). The Debtor is limited to \$189,050 if the Debtor owes a debt arising under any criminal act, intentional tort, or willful or reckless misconduct that caused serious physical harm to another individual in the preceding 5 years. To the extent that the Debtor seeks to claim more than is allowed under 11 U.S.C. § 522(q)(1), Moegling objects.
6. Moegling is objecting to the exemption of \$508,300 in the Real Property under 11 U.S.C. § 548(a) and (e) and under 11 U.S.C. § 522(g). The Debtor is not entitled to a homestead



1 exemption because he transferred property to a self-settled trust with an actual intent to
2 hinder, delay, or defraud creditors.

3 7. Moegling is objecting to the exemption of \$1,500 on Debtor's 2005 Toyota Sienna and
4 \$1,750 on Debtor's 2014 Kawasaki KLR 650 under RCW 6.15.010(1)(d)(iii). This
5 exemption can only be used to exempt one motor vehicle, not multiple motor vehicles.

6 8. Moegling is objecting, in part, to preserve her rights to object pending receipt of more
7 information about the Debtor's assets. Moegling reserves the right to assert any other
8 basis for her objection or otherwise amend this objection as she may determine to be
9 appropriate at a later date.
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12 DATED this 20th day of October, 2022.

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14 Presented by:
15 MORTON MCGOLDRICK, PLLC

16 /s/ Brett L. Wittner

17 Brett L. Wittner, WSBA # 27657
18 Melissa E. Sevier, WSBA #58657
19 Attorneys for Creditor Moegling
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